



Board of Governors of the Federal Reserve System  
Washington, D.C.

Re: Docket No. R-1366

The proposed rule requires the pre-application disclosures to be made by the creditor on all closed-end loan transactions. The rule does not define a mortgage broker or other third-party originators as a creditor. The loan originator for a mortgage broker business is often the first contact for the consumer when purchasing a home. Since the loan originator for a mortgage broker is the first contact for the consumer, the language of the proposal should be changed to allow a mortgage broker loan originator or a third-party originator to provide the required pre-application disclosures.

In the proposed rule, there are two alternative approaches to disclosing changes to loan terms and settlement charges that occur during the three business day waiting period required between receipt of the final TILA disclosures and the consummation date. The second approach described in the proposed rule would be the best approach if a reasonable tolerance threshold is established, within which certain terms could change after the final TILA disclosure but prior to closing without requiring redisclosure and without triggering an additional waiting period. This approach still provides protection to the consumer but does not delay closing and the, possible, additional cost to the consumer for the delay.

As to the disclosure of the finance charge and APR, mortgage broker entity fees that are paid by the creditor should not be included in the calculation of the finance charges. These fees are already factored into the note rate of the loan. This would be effectively double-count these fees in allowed and would artificially inflate the APR. The consumer would be better served and have a better understanding of the TILA disclosure by eliminating the use of the APR and substitute the disclosure of the payment terms, settlement cost and monthly payment. These are the questions the consumer ask at the time of application and this is the way the consumer shops.

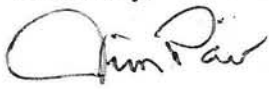


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Thank you for considering my comments to the proposed rule and the efforts of the Federal Reserve to protect the interests of the consumer.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Pair". The signature is written in a cursive, flowing style.

Jim Pair  
President  
Mortgage Associates Corpus Christi